

Negative option plans

A negative option is a marketing plan that basically states, “We’ll keep sending you our product until you tell us to stop.” With a negative option plan, it is the responsibility of the consumer, not the seller, to cancel a contract or order.

Consumers are probably most acquainted with negative option plans through book and tape clubs, but many other companies, such as flower and lawn care services, gourmet food plans, and magazine subscriptions use this marketing technique as well.

Problems with Negative Options

Consumers do not always realize that they’ve become part of a negative option agreement. For example, in response to a high-pressure telephone solicitation, you

may agree to review a book or receive a product on a trial basis. You may not be told or may fail to understand that by agreeing to the trial, you automatically commit to ongoing shipments. If you are dissatisfied with the trial product, it becomes your responsibility to contact the company and cancel any future orders. Otherwise, the company will continue to send you the product—and the bills.

Sometimes enrollment in one negative option plan automatically involves you in additional “special offers” that operate as negative options. For instance, book clubs may offer to send “special editions” for your review; companies selling collectible plates or dolls might offer limited edition merchandise for your approval. If you fail to notify these companies in writing that you are not interested in

continuing to receive these special shipments, the shipments and the bills will keep coming.

Read the Fine Print

When you agree to receive a free or low-cost product, or participate in an introductory offer, you may be committing yourself to a binding contract with the company. Review these offers very carefully. Your acceptance means you agree to all the rules and regulations spelled out in the fine print of the offer. Many of these contracts require you to buy a specified amount of merchandise within a limited period of time.

Other agreements have no minimum purchase requirements, but state in the fine print that you must cancel the contract in writing if you do



not wish to continue to participate.

Keep Good Records

Even when you understand and agree to the terms of the contract, you may find yourself the victim of billing and shipping errors. If you enter into an agreement that involves a negative option plan, pay close attention to all the mail you receive from the company. Keep a record of all the orders you place and all the bills you pay.

If you decide to cancel a contract after you have complied with all terms of the agreement, write a note on the bill informing the company that you want to cancel. Be sure to include the date and your signature. If possible, send the notification by certified mail. Keep copies of any correspondence between you and the company. If you do run into problems, these records can be a big help in settling your complaint.

Deal Promptly with Problems

When unwanted shipments and their accompanying invoices arrive, too many consumers toss the packages on a shelf and the bills in the wastebasket. Unless you deal with the problem, the bills will keep coming—each one with a more threatening collection message. Your account could be turned over to a collection agency and reflected on your credit report.

To protect yourself, contact the company in writing to cancel any future shipments. Do not open unwanted shipments. Do not accept delivery if the shipment is being delivered by a private mail carrier. If the package is delivered by the U.S. Postal Service, it may be returned to the sender if the package is not opened. If you open the package you will have to pay the cost of repackaging and mailing it.

Keep records of when and how the merchandise was

returned and copies of all correspondence.

Unsolicited Goods

Wisconsin law states that you can consider unsolicited goods a gift that you can use or dispose of in any manner you wish without any obligation to the sender. However, this law does not cover negative option plans. Most negative option plans require some sort of prior agreement, such as a signature on a postcard or an oral agreement on the telephone.

For more information, or to file a complaint, contact the Bureau of Consumer Protection at:

(800) 422-7128

FAX: (608) 224-4939

TTY: (608) 224-5058

E-MAIL:

datcph hotline@datcp.state.wi.us

WEBSITE:

<http://datcp.state.wi.us/>